

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

February 12, 2019

Ridgway H. White
President, Charles Stewart Mott Foundation
Mott Foundation Building
503 S. Saginaw St., Suite 1200
Flint, Michigan 48502-1851

Dear Mr. White,

On behalf of the City and County of San Francisco I am respectfully submitting a grant proposal to the Charles Stewart Mott Foundation for \$365,000 over a two year period to support our Kindergarten to College (K2C) program.

Launched in 2011 as a public-private partnership, K2C provides families a place to save for post-secondary education, and a way to build a college-bound identity. Recognizing that post-secondary education leads to increased lifetime earnings and expanded social mobility, K2C is integrated into our public school system and designed to reach as many young people as possible, particularly the 55 percent of our public school students from low-income households.

Enabling young people, their parents and guardians to believe that post-secondary education is a viable financial option remains one of the greatest barriers for many low-income families. We know that even modest savings can have a real impact on helping more children achieve a post-secondary education. K2C is helping a growing number of families, including those who face the greatest challenges, to set aside money for their children's future. To date, San Francisco has opened savings accounts for over 34,000 public school children and helped families save nearly \$4,000,000 of their own money for their child's post-secondary education.

Support from the Charles Stewart Mott Foundation will allow us to develop strategies that work for San Francisco, while also sharing our experiences with the growing number of communities across California and the rest of the country who are seeking to launch similar efforts. We still have more work to do, but our progress local in San Francisco underscores the pioneering role K2C is playing to support all families in our public school system.

Thank you for your ongoing financial support in helping San Francisco's students in pursuing a higher education, and I look forward to continuing this partnership with the Charles Stewart Mott Foundation.

Sincerely,

A handwritten signature in cursive script that reads "London Breed".

London N. Breed
Mayor, City and County of San Francisco

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141



February 8, 2019

Ridgway H. White
President, Charles Stewart Mott Foundation
Mott Foundation Building
503 S. Saginaw St., Suite 1200
Flint, Mich. 48502-1851

Dear Mr. White,

On behalf of the City and County of San Francisco's "Kindergarten to College" (K2C) program, I am respectfully submitting a grant proposal to the Charles Stewart Mott Foundation for \$365,000 over two-years.


Launched in 2011 as a public-private partnership, Kindergarten to College (K2C) provides families a default place to save for post-secondary education, and a way to build a college-bound identity. K2C is integrated into the public-school system to reach as many young people as possible, particularly the 55 percent of San Francisco Unified School District's (SFUSD) students from low-income households who face significant barriers to post-secondary education, and the increased lifetime earnings and social mobility associated with it.

To-date, San Francisco has opened savings accounts for over 34,000 public school children and helped families save \$4,000,000 of their own money for their child's post-secondary education. Support from the Charles Stewart Mott Foundation will allow us to develop strategies that work for San Francisco while sharing our experiences with the growing number of communities across California and the rest of the country who seek to launch similar efforts.

We know that just getting young people and their parents to the starting line—believing that post-secondary education is an option—remains one of the greatest barriers for many low-income families and families of color. The more a family saves, the more likely their children are to pursue post-secondary education. However, even modest savings can have an impact, and K2C is helping a growing number of families, including those who face the greatest challenges, to set aside money for their children's future. We still have much work to do, but this progress underscores the pioneering role K2C is playing to support all families in the public school system.

I thank the Foundation for its ongoing financial support and thought partnership in this important work. We look forward to continuing our partnership with the Charles Stewart Mott Foundation.

Sincerely,



José Cisneros
Treasurer



Proposal to the Charles Stewart Mott Foundation To Support Kindergarten to College

I. Executive Summary

Spearheaded by the San Francisco Treasurer's Office of Financial Empowerment in partnership with the Mayor's Office and the San Francisco Unified School District, Kindergarten to College began as a two-year pilot program in 2011. Today, every child entering kindergarten in the City's public schools automatically receives a college savings account with a starting deposit of \$50 and opportunities to earn financial incentives. San Francisco public schools are incredibly diverse, with most children coming from minority families: 35% Asian, 27% Hispanic/Latino, 15% White and 7% African-American. A third of all students are English Language Learners and 55% are enrolled in the National School Lunch program. Over the past two-year grant period, K2C made tremendous progress, strengthening systems, policies and procedures; researching a hybrid account model; imbedding K2C within the broader spectrum of city services for children, youth and families; strengthening its targeted universalism approach; and enhancing outreach and marketing, research and strategic communications. To consolidate this progress, K2C will pursue three primary goals in the coming two years. First, K2C will further strengthen operations to manage greater scale, complexity and innovation. Second, K2C will strengthen outreach to schools, communities and families of students in elementary school, while extending outreach to students in middle and high school where the opportunity is to engage young adults thinking about their future. Third, K2C will continue to advance a cradle to career model to help ensure all young people can achieve college or other post-secondary certification on the pathway to adult and workforce success. The City and Country of San Francisco respectfully requests \$365,000 from the Charles Stewart Mott Foundation over the next two years to support Kindergarten to College's next chapter of growth and development.

II. Background

Spearheaded by the San Francisco Treasurer's Office of Financial Empowerment (OFE) in partnership with the Mayor's Office and the San Francisco Unified School District (SFUSD), Kindergarten to College (K2C) began as a two-year pilot program in 2011. Today, every child entering kindergarten in the City's public schools automatically receives a college savings account with a starting deposit of \$50. K2C encourages families to save by providing additional financial incentives for contributions during the first year after account opening.

The idea of establishing a universal system of children's accounts was first proposed by Professor Michael Sherraden in his seminal book, *Assets and the Poor*. In this work, Sherraden argued that these accounts could provide a foundation for lifelong asset accumulation, facilitate the delivery of action-oriented basic financial education during the school year and jump-start a savings habit. Other research has indicated that children in low-and moderate-income households with school-designated savings of \$500 or less are three times more likely to graduate college than children without.¹ K2C is based on this research, as well as a demonstration led by Prosperity Now (formerly the Corporation for Enterprise Development or

¹ Elliott, William & Song, Hyun & Nam, Ilsung. (2013). Small-dollar children's savings accounts and children's college outcomes by income level. *Children and Youth Services Review*. 35. 560–571. 10.1016/j.childyouth.2012.12.003.

CFED) between 2003 and 2008 called *Saving for Education, Entrepreneurship and Down payment (SEED)*.² Evidence from SEED suggested that low-income families can and will save; children's savings accounts (CSAs) promote positive attitudinal and behavioral changes in children; and universal, automatic access to accounts is critical to a program's breadth and depth of outreach. Based on insights from SEED and other research, San Francisco launched the first CSA in the country incorporating all five programmatic recommendations:

- **Universal:** Provides a savings account to all students starting kindergarten, including those who are undocumented, in unbanked families, living in foster care or homeless. This custodial savings account is held on behalf of each student by the City and County of San Francisco.
- **Automatic:** Enrolls all students automatically, removing two significant barriers for parents—inertia and the cost of opening an account.
- **Publicly Funded:** The City funds an initial seed deposit of \$50 for each child's account, an additional equity deposit for accounts of students from low-income households and K2C's basic operating expenses.
- **Financial Incentives:** Encourage parents and students to save and build financial assets for the future.
- **Range of Deposit Options:** Offers families multiple ways to contribute to their children's accounts, including in-person, direct deposit, bill pay and by mail. Traditional college savings accounts, such as 529 educational savings plans, only allow for online or mail deposits, require a social security number and do not accept cash, creating significant barriers to saving for unbanked and undocumented families. They also create barriers for those who lack access to the Internet or the sophistication to navigate market investments.

The creation of a CSA model that can enroll thousands of five-year-old children into their own savings account without the need for a parent signature or social security number is a first-in-the-nation innovation with many advantages. First, K2C reaches a diverse constituency of low- and middle-income families directly through its partnership with the public school system, which provides the connectivity and trust families have with educators. Second, K2C's automatic and universal model provides a savings platform that can be used for a wide range of programmatic interventions to both increase savings and advance educational outcomes. For example, because every child is enrolled, teachers can equip all students in a class with essential financial knowledge that can be applied immediately to their savings account. Third, every child begins kindergarten part of the financial mainstream with a financial asset. Much work remains to strengthen the infrastructure necessary to support CSAs, but K2C has demonstrated that automatic child savings programs are possible, effective and scalable. In so doing, K2C has paved the way for other municipalities and communities across the United States to launch similar initiatives.

III. Target Population

K2C serves every family in the public school system but is especially attuned to low-income families and families of color who face the greatest barriers to post-secondary education. K2C is integrated into the public school system because San Francisco public schools serve a primarily low- to moderate-income population. While the percentage of low-income families across San Francisco generally is 9.5%, 55% of public school students are enrolled in the National School Lunch program. The income threshold to qualify for free lunch is \$32,630 for a family of four and the income threshold for reduced-priced lunch is

² See Sherraden, M., & Stevens, J. (2010). *Lessons from SEED: A national demonstration of child development accounts*. Washington, DC: CFED.

\$46,435 for a family of four. San Francisco public schools are also incredibly diverse, with most children coming from minority families: 35% Asian, 27% Hispanic/Latino, 15% White and 7% African-American. In addition, 29% of students are English Language Learners.

IV. Accomplishments During Previous Grant Period

Over the past two-year grant period, K2C's goals were to strengthen systems, policies and procedures; research a hybrid account model; imbed K2C within the broader spectrum of city services for children, youth and families; strengthen its targeted universalism approach; and enhance outreach and marketing, research and strategic communications. K2C's achievements under each of these goals are outlined below.

A. Strengthen Systems, Policies and Procedures

This goal was intended to help K2C scale to 100,000 accounts.

- *Revised K2C Incentives*

For the first time since its inception, K2C revised the financial incentives available to families, based on technical assistance from IDEAS42 and evidence from K2C's initial seven years. K2C revised incentives to encourage families to start and continue saving in the initial year of account opening. K2C now offers families up to \$90 in financial incentives, in addition to the initial \$50 seed provided by the City:

- *\$20 Online-Account Registration Bonus:* Encourages families to register their account online to view their balance and activity.
- *\$10 Save Now Bonus:* Creates a sense of urgency by encouraging families to save any amount within the first 60 days after the account is opened.
- *\$10 Save monthly Bonus:* Encourages families to save regularly by offering a \$10 bonus in any six months they save at least \$10 in the first year the account is opened.

- *Enhanced Online Access with Supporting Incentive*

K2C worked intensively with its banking partner to launch a new internet portal that provides families added security and easier online access to their account. In parallel, K2C introduced a \$20 Online-Account Registration Bonus that rewards families for registering online to access their account. Since this incentive was introduced in November 2017, the number of families who have registered for online access has more than doubled to 3,610.

- *Introduced Online Account Lookup*

In May 2018, K2C provided a means for families and support groups to look up K2C account numbers online via K2C's website, reducing cases referred to K2C from the city's 3-1-1 service by 33% and improving families' online experience.

- *Revised K2C Welcome Kits*

K2C redesigned welcome kits that introduce families to the Program and changed from mailing these to distributing them through schools. This ensured school involvement and improved K2C's ability to reach families. Welcome kits were produced in four languages: English, Spanish, Chinese and Filipino.

- *Launched School Ambassador Program*

In November 2017, with the support of an AmeriCorps Vista and SFUSD's Superintendent, K2C recruited and trained over 70 school staff members as K2C School Ambassadors to promote K2C events, such as a 5th grade K2C Art Contest, bank field trips and school deposit events. On-site deposit events hosted by four Ambassador Schools led to 353 new deposits in the 2018-19 school year, and by January 2019, schools with Ambassadors made up the five schools with the highest Saver Rates.

K2C highlighted this in its monthly e-newsletter and reflected it in quarterly school scorecards sent to all school principals.

- *Standardized Multi-Lingual Marketing Collateral*
K2C standardized basic program information, including fliers, brochures and mailers on how to save, and direct deposit forms, in six languages: Spanish, Chinese, Arabic, Filipino, Vietnamese and English.

B. Research Hybrid Account Model

This goal was intended to identify a way to combine the benefits of K2C's direct custodial account with those of 529 educational plans, creating an investment continuum appropriate to an array of families.

- *Researched Hybrid Account Options*
Since Fall 2017, K2C has been in talks with California's 529 plan, ScholarShare, to explore the possibility of a hybrid model that provides a pathway between the two accounts. Specifically, K2C researched options that could: (a) preserve K2C's core values of automatic, universal access; while (b) increasing the rate of return on the City's and families' funds (from a 2017-18 baseline); and minimizing (c) K2C's administrative burden and (d) impact on families' and students' financial aid, benefits and taxes.

C. Imbed K2C Within Broader Spectrum of City Services for Children, Youth and Families

This goal was intended to put K2C on a continuum of supports across the city that help young people succeed along a pathway to college and career.

- *Connected with Important City Partners*
K2C engaged important City partner organizations, including My Brothers and Sisters Keeper, Mission Promise Neighborhoods, commercial corridor associations and YMCAs.
- *Enlisted Community Organizations to Promote K2C*
K2C contracted six community organizations, each with specific outreach deliverables, to extend K2C's presence at 29 schools. These organizations brought critical cultural and language competencies to the K2C families and schools they engaged. They also relayed invaluable feedback to K2C on parents', teachers' and administrators' perceptions of the Program. One partner organization reached over 2,000 parents of pre-kindergarten students, increasing their awareness and anticipation of K2C before their children enter the school district.

D. Strengthen Targeted Universalism

This goal was intended to ensure K2C provides equal access for all students, while prioritizing outreach to low-income families and families of color who face the greatest barriers to post-secondary education and the economic opportunity and mobility it provides.

- *Prioritized Support to Low-Income Families*
K2C sharpened its attention on select low-income neighborhoods where families face the greatest barriers to post-secondary education: Bayview-Hunters Point, Visitacion Valley, Excelsior, South of Market, Tenderloin, Chinatown, Treasure Island and the Mission. Aligned with this effort, K2C set an explicit objective to increase the African American and Latino saver rate to 20%—from 11% and 14%,

respectively, to achieve an overall SFUSD saver rate of at least 20% and total family savings of \$4.5 million by June 2019. K2C's focus is yielding results:

- *Low-Income Families are Saving*
Low-income families that have saved have contributed \$494 on average, accounting for 40 percent of all contributions in K2C. Including incentives, these families have on average \$667 for their children's future.
- *African American and Latino Families are Saving*
African American and Latino families have saved on average \$417 and \$515, respectively. Including incentives, these families have on average \$585 and \$678 for their children's future.
- *Introduced School-Based Deposits*
K2C targeted select low-income, low-engagement schools to pilot on-site account deposits. At these events, students were able to simulate the process of engaging a bank teller and making deposits into their accounts. Students who did not have contributions on the day of the event practiced the process, such that no students were left out of the simulation. In addition to encouraging those students who face the greatest barriers to post-secondary education, on-site deposits increased student and teacher awareness of K2C, as well as participating schools' saver rates. For example, one school event resulted in 221 new student deposits, increasing the school's saver rate from 12% to 70%. K2C highlighted this school's achievement in its monthly e-newsletter and reflected it in a quarterly school scorecard sent to all school principals.

E. Strengthen Outreach and Marketing, Research and Strategic Communications

This cross-cutting goal was intended to strengthen awareness of and engagement with K2C.

- *Produced Research Brief*
K2C issued a brief, "[Kindergarten to College: Getting All San Francisco Families to the Starting Line](#)," March 2018 to highlight progress the program is making and advocate for greater CSA emphasis on equity. K2C shared this brief widely at convenings and in technical assistance conversations with numerous cities managing or planning to launch a CSA. Among the highlights:
 - *Families are Saving at a Higher Rate than any Comparable Program in the Country*
Twenty percent of families have contributed to their children's K2C accounts. By contrast, less than three percent of families save in a 529 or Coverdell Education Savings account nationally.³
 - *Families are Saving Meaningful Amounts*
Families that have made at least one contribution to their children's account have saved on average \$559 for a cumulative total of \$4 million. Altogether, families are now saving approximately \$80,000 per month.
- *Introduced Bi-Annual Student Account Statement*
Just as financial institutions send regular statements indicating the status of an account-holder's account, K2C now distributes statements with students' account balance and activity to families twice a year in four languages. SFUSD sends these statements home with students, which has proven the most reliable means to communicate program information to families.

³ For perspective, families that save in a 529 or Coverdell Savings Plans have 25 times the median assets and three times the median income of those without. See "A Small Percentage of Families Save in 529 Plans." United States Government Accountability Office. GAO-13-64, December 12, 2012. <http://www.gao.gov/assets/660/650759.pdf>.

V. Goals, Objectives and Activities

To consolidate progress made in the last grant period, K2C will pursue three primary goals in the coming two years. First, K2C will further **strengthen operations** to manage greater scale, complexity and innovation; manage an array of contribution types, including gifts, incentives, and scholarships; and prepare for distribution of K2C funds as students graduate and pursue post-secondary education.

Second, K2C will **strengthen outreach** to schools, communities and families of students in elementary school, while extending outreach to students in middle and high school where the opportunity is to engage students directly as young adults thinking about their future. K2C will support this effort by expanding and strengthening its network of School Ambassadors and parent and community volunteers. Other activities to support outreach include working with its banking partner to introduce a mobile application that enables families and students another means of accessing their K2C account; employing a texting service to reinforce savings behaviors among families; and promoting Citibank-affiliated credit union branches where families can make deposits to their K2C accounts.

Third, K2C will continue to **advance a cradle to career model** to help ensure all young people can achieve college or other post-secondary certification on the pathway to adult and workforce success. Putting K2C at the center of a comprehensive model will rely significantly on willing partners across the City, including the Mayor who is up for reelection November 2019. Nationally, K2C will work with Say Yes to Education, the College Promise Campaign, The Charles & Stuart Mott Foundation, Prosperity Now and other key stakeholders to identify critical learning from communities across the country, estimate the cost to San Francisco, marshal evidence from Promise and related initiatives and identify case studies that San Francisco can draw from. Locally, the Treasurer and OFE will work closely with the K2C staff to engage the Mayor, SFUSD Superintendent, The Department of Children, Youth and Their Families and other key stakeholders to identify pathways that dovetail on existing priorities and funding streams.

VI. Budget

The City and County of San Francisco respectfully requests \$365,000 from the Charles Stewart Mott Foundation over the next two years to support Kindergarten to College's next chapter of growth and development. In addition to helping San Francisco support more families prepare their children for a future of economic opportunity and upward mobility, K2C's success in the areas outlined above promises to help advance the broader CSA field by providing a strong, proven pathway for many cities and communities across the country seeking to launch and grow a CSA.

A. K2C Total Budget: 2019-2021

K2C’s overall budget this past two-year grant period included 3.5 full-time staff members. The overall K2C budget for the coming two-years reflects three notable additional expenses: a senior operations staff person and an AmeriCorps Vista volunteer—both reflected in the grant-specific budget proposed to the Charles & Stuart Mott Foundation. The addition of the senior operations position this coming year will bring K2C’s total staff count to 4.5.

Additionally, K2C’s budget in 2019-2020 includes \$50 seed deposits for the 4,500 students who did not receive accounts during K2C’s initial pilot years. At the time of this proposal, the City is reviewing this seed funding request to make these 8th and 9th grade pilot years ‘whole.’ If approved, K2C will be universal K-9 in 2019-20. Additionally, K2C is submitting a proposal to the California Student Aid Commission to support outreach to, and new equity-focused incentives for, K2C families.

K2C Total Budget	2019-2020	2020-2021	TOTAL
Revenue			
City & County of San Francisco	\$1,375,052	\$980,131	\$2,355,183
CA Student Aid Commission	\$457,890	\$459,702	\$917,592
Charles & Stuart Mott Foundation	\$179,983	\$185,017	\$365,000
Individual and small family foundations	\$20,000	\$20,000	\$40,000
<i>Subtotal</i>	\$2,032,925	\$1,644,850	\$3,677,775
Expenses			
Salary & Benefits (4.5 FTEs + 1 Vista)	\$653,570	\$673,176	\$1,326,746
Supplies & Equipment	\$1,250	\$1,250	\$2,500
Advertising & Outreach	\$96,000	\$96,000	\$192,000
Consultants & Professional Services	\$62,550	\$62,550	\$125,100
Events	\$4,450	\$4,850	\$9,300
Travel & Accommodation	\$6,000	\$6,000	\$12,000
Mileage & Parking	\$200	\$200	\$400
Grantees & Stipends	\$84,000	\$84,000	\$168,000
Incentives	\$1,053,075	\$645,575	\$1,698,650
Misc.	\$0	\$0	\$0
Administrative Overhead	\$16,591	\$16,591	\$33,182
<i>Subtotal</i>	\$1,977,686	\$1,590,192	\$3,567,878
Surplus(Deficit)	\$55,239	\$54,658	\$109,897

B. Proposed Grant Budget: 2019-2021

The proposed two-year grant budget will primarily enable K2C to hire a new staff person (\$305,136) to lead K2C operations and outreach. The Office of Financial Empowerment recognizes that using grant funds for a staff position does pose a risk to that role if funds are not secured to sustain it after the grant period ends. However, this hire is proposed for several reasons at an important time of growth and transition for K2C. First, this new role will give K2C much-needed capacity as the program continues to grow, allowing K2C's Manager to devote more attention to important strategic issues, such as developing a city-wide cradle to career model. Second, adding a senior operations role this coming year will provide OFE a runway to seek city funding to sustain this new position beyond the two-year grant period. Finally, this role will provide senior staffing continuity as K2C's Manager transitions to retirement September 2020.

The proposed budget will also enable K2C to buy promotional material (\$10,682 for savings banks, stickers, pencils, etc.) to support outreach, and pay for half of an Americorps Vista Volunteer (\$16,000) to expand K2C's successful Ambassador Program. K2C will seek the balance of the Vista cost under a proposal recently submitted to the California Student Aid Commission.

Proposed Grant Budget	2019-2020	2020-2021	TOTAL
Salary & Benefits (1 FTE)	152,568	157,145	309,713
Supplies & Equipment			
Advertising & Outreach	3,053	3,053	6,105
Consultants & Professional Services (.5 Vista)	8,000	8,000	16,000
Events			
Travel & Accommodation			
Mileage & Parking			
Grantees & Stipends			
Incentives			
Misc.			
Administrative Overhead @ 10%	16,362	16,820	33,182
Total	179,983	185,017	365,000